



NASA Policy Directive

NPD 9250.1

Effective Date: December 23, 2008

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COMPLIANCE IS MANDATORY[Printable Format \(PDF\)](#)

Request Notification of Change

 (NASA Only)

Subject: Identifying Capital Assets and Accumulation of Cost

Responsible Office: Office of the Chief Financial Officer

1. POLICY

a. This NASA Policy Directive (NPD) establishes NASA policy for (1) identifying when property, plant, and equipment (PP&E) purchase and/or fabrication meets the criteria for capitalization and (2) segregating the costs of the asset from other project costs so that assets can be properly recorded on NASA's financial statements. These policies apply to both purchased and fabricated PP&E. This NPD describes the policy and individual roles and responsibilities for identifying those PP&E that must be capitalized, establishing a unique work breakdown structure (WBS) to accumulate the PP&E costs and for reporting those costs.

b. The Alternative Future Use Questionnaire (NASA Form 1739) is the medium for identifying whether PP&E should or should not be capitalized. NF 1739 describes the criteria for identifying capitalized PP&E. See Attachment A for the process of identifying and segregating the costs of PP&E that meet the capitalization criteria.

2. APPLICABILITY

This NPD is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This NPD is applicable to the Jet Propulsion Laboratory, contractors, grant recipients, and parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

3. AUTHORITY

- a. The National Aeronautics and Space Act of 1958, Public Law 85-568 as amended and codified in 42 U.S.C § 2473 (c)(1).
- b. The Chief Financial Officers (CFO) Act of 1990, Public Law 101-576.
- c. The Government Management Reform Act (GMRA) of 1994, Public Law 103-356.
- d. NPD 1000.3, "The NASA Organization."
- e. NPD 9010.2, "Financial Management."

4. REFERENCES

None.

5. RESPONSIBILITY

- a. The Office of the Chief Financial Officer shall develop and maintain policies, procedures, and financial systems

that collect, aggregate, and report the cost of NASA's PP&E.

b. Management officials who manage NASA's program, projects, and operations are responsible for the acquisition and identification of items of PP&E that must be capitalized. This responsibility spans the management chain from Associate Administrators, Center Directors, Program Managers, and other line management officials, all of whom are responsible for the implementation of this NPD.

c. The Office of Procurement shall assist in establishing solicitations and contracts which require contractors to obtain necessary approvals prior to the purchase and/or fabrication of PP&E and to report the cost of any capitalized PP&E by the assigned unique WBS element(s) on cost reports.

6. DELEGATION OF AUTHORITY

None.

7. MEASUREMENTS

None.

8. CANCELLATION

NM 9250.56 Interim Directive: Identifying Capital Assets and Capturing Their Costs.

/s/Michael D. Griffin
Administrator

ATTACHMENT A: (TEXT)

Process of identifying and segregating the cost of PP&E that meet the capitalization criteria

A.1 NASA shall capitalize individual items of PP&E that meet the following criteria:

- a. Have a unit acquisition cost of \$100,000 or more for all assets other than internal use software which has a capitalization threshold of \$1,000,000.
- b. Have an estimated useful life of two years or more for all assets other than internal use software which has a useful life of five years.
- c. Are not intended for sale in the ordinary course of operations.
- d. Have been acquired or constructed with the intention of being used or being available for use by the Agency.
- e. Have an alternative future use.

A.2 The purchase and/or fabrication costs of PP&E that meet the capitalization criteria shall be segregated from other project costs as costs are incurred. In order to segregate costs of capitalized PP&E, a unique WBS element within the project's WBS shall be assigned to each capitalized PP&E as the items are identified.

A.3 The segregation of the costs of PP&E that are identified as meeting the criteria for capitalization shall be accomplished through the mechanism of WBS, whether it is purchased and/or fabricated by NASA employees or contractors.

A.4 The Office of Procurement shall assist in establishing solicitations and contracts which require contractors to obtain necessary approval prior to the purchase and/or fabrication of PP&E and to report the cost of any capitalized PP&E by the assigned unique WBS element(s) on cost reports. These requirements will be established upon award of new contracts and will be required for any "new work" negotiated in modifications to existing contracts.

A.5 Identification of capitalized PP&E and the creation of a WBS element(s) for each capitalized item begin at project inception and continue through the project life.

A.6 The cost of each purchased and/or fabrication capital asset, either by NASA employees or contractors, shall be tracked and reported by the assigned NASA WBS element. NASA contractors shall report the costs of each capital asset as a separate item on the required cost reports.

A.7 For firm fixed-price contractors, costs of the capital assets shall be collected from invoice and/or progress payment or other interim payment information.

ATTACHMENT B: References

- a. The Federal Financial Management Improvement Act (FFMIA) of 1996, Public Law 104-208 and codified in 31 U.S.C § 3512.
- b. Federal Acquisition Regulations (FAR), 48 Code of Federal Regulations (C.F.R.), Chapter 1.
- c. NASA FAR Supplement (NFS), 48 C.F.R., Chapter 18.
- d. Office of Management and Budget (OMB) Circular No. A-127, Financial Management Systems.
- e. OMB Circular No. A-123, Management's Responsibility for Internal Control.
- f. OMB Circular No. A-136, Financial Reporting Requirements.
- g. Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment.
- h. SFFAS No. 10, Accounting for Internal Use Software.
- i. Statement of Financial Accounting Standards, SFAS No. 2, Accounting for Research and Development Costs.
- j. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Technical Release 7.
- k. NPD 1200.1, "NASA Internal Control."
- l. NPD 9501.1, "NASA Contractor Financial Management Reporting System."
- m. NASA Procedural Requirements (NPR) 7120.5, "NASA Space Flight Program and Project Management Requirements."
- n. NPR 7120.7, "NASA Information Technology and Institutional Infrastructure Program and Project Requirements."
- o. NPR 7120.8, "NASA Research and Technology Program and Project Management Requirements."
- p. NPR 7123.1, "NASA Systems Engineering Processes and Requirements."
- q. NPR 7150.2, "NASA Software Engineering Requirements."
- r. NPR 9501.2, "NASA Contractor Financial Management Reporting."
- s. NPR 9250.1, "Property, Plant, and Equipment and Operating Materials and Supplies."
- t. NPR 9060.1, "Cost Accruals."

(URL for Graphic)

None.

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